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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 AGR-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 FRB-03 OPIC-03 L-03 H-02

DODE-00 PA-01 USIA-06 PRS-01 IO-10 /097 W
---------- 116312
R 182156Z AUG 75
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 941
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY SAN JOSE

C O N F I D E N T I A L TEGUCIGALPA 3610

E.O. 11652: GDS
TAGS: EINV, EAGR, HO
SUBJECT: AGR: INFORMAL TELA RAILROAD RESPONSE TO HONDURAN BANANA POLICY SPEECH

REF: TEGUCIGALPA 3590, 3591, 3592

1. MANAGER OF TELA RAILROAD, UNITED BRANDS SUBSIDIARY IN HONDURAS, HOUSTON LACOMBE, CALLED ON EMBASSY MORNING AUGUST 18. LACOMBE STATED THAT THERE WERE NO SURPRISES IN PRESIDENT'S SPEECH AND THAT THE TONE WAS MODERATE. HE WILL BE SEEKING DETAILS FWM HONDURAN GOVERNMENT SOURCES IN ORDER TO PREPARE TELA RAILROAD COMPANY VIEWS TO BE PRESENTED TO UNITED BRANDS BOARD OF DIRECTORS.

2. MR. LACOMBE ASKED WHAT IS THE EMBASSY UNDERSTANDING OF THE HONDURAN BANANA CORPORATION REFERRED TO IN THE CONFIDENTIAL

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SPEECH. ECONOFF CALLED BENJAMIN VILLANUEVA OF MINISTRY

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OF ECONOMY AND RECEIVED THE FOLLOWING DISCUSSION:

3. THE HONDURAN BANANA CORPORATION WOULD BE SIMILAR TO THE HONDURAN COFFEE INSTITUTE. IT WOULD NOT SEEK DIRECT INTERVENTION IN TRANSPORTATION OR MARKETING OF BANANAS. IT WOULD SEEK PRICE AND COST INFORMATION FROM PRODUCERS AND IN INTERNATIONAL MARKETS. IT WOULD BE THE HONDURAHU ABTMJBRENTATIVE BEFORE INTERNATIONAL GROUPS SUCH AS THE UNION OF BANANA EXPORTING COUNTRIES. IT WOULD CONDUCT STUDIES OF THE INDUSTRY AND SEEK TO INFLUENCE GOVERNMENT AND COMPANY POLICY TOWARD OPTIMUM EXPLOITATION OF THE RESOURCE. AN IMPORTANT ATTRIBUTE OF THE CORPORATION IS THAT IT COULD PARTICIPATE IN MIXED COMPANIES AND PROVIDE FINANCIAL SUPPORT FOR PROJECTS SUCH AS REHABILITATION, IRRIGATION, AND OTHER PRODUCTIVE FUNCTIONS.

4. SR. VILLANUEVA STATED THAT THERE IS ONLY A DRAFT AVAILABLE SUGGESTING THE PURPOSE AND FUNCTION OF THE CORPORATION. A GREAT DEAL OF WORK IS REQUIRED BEFORE A DEFINITIVE DRAFT CAN BE PRESENTED TO THE COUNCIL OF MINISTERS.

5. MR. LACOMBE ALSO ASKED WHAT IS THE STATUS OF THE LEGAL SUIT AGAINST UNITED BRANDS? SR. VILLANUEVA'S VIEW IS THAT SOMETHING HAD TO BE SAID IN THE SPEECH CONCERNING THE PROPOSED SUIT, BUT THAT THE MATTER IS ACTUALLY INDETERMINATE: NO COURSE HAS YET BEEN DECIDED BY THE GOH.

6. FINALLY, SR. VILLANUEVA STATED THAT THE DIFFERENCE IN TONE BETWEEN THE SPEECH AND THE DECREZZWAS A PRACTICAL NECESSITY. FOR POLITICAL REASONS, THERE HAD TO BE A RECOGNITION GIVEN IN THE DECREE TO ANTI-COMPANY HARD-LINERS.
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